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FOR ACTION

GREETING CARD AND RELATED OPERATIONS WORK PLAN AND PROPOSED BUDGET FOR 1994

SUMMARY

The present document presents the Greeting Card and related operations (GCO) work plan and proposed budget for the 1994 season (fiscal year 1 May 1994 to 30 April 1995).

Chapter I, Overview, presents an introduction, policy issues, the work plan and budget preparation process, consolidated income and expenditure projections for 1994 and human resources.

Chapter II, Director's Office, presents objectives, budgeted expenditures and human resources.

Chapter III, Product Line and Marketing, presents the policy issues, objectives, strategies, budgeted income and expenditures and human resources, as well as a review of the Central and Eastern European National Committees Development Programme and the proposed Market Development Programme.

Chapter IV, Private Sector Fund-raising, presents an introduction, policy issues, objectives, strategies, budgeted income and expenditures and human resources, as well as a review of the Fund-raising development programme and a recommendation for its renewal.

Chapter V, Operations and Finance, presents an introduction, including the recommendations of the production facilities study, objectives, strategies, budgeted expenditures and human resources.

Chapter VI, UNICEF field offices, presents the recommendations of the field offices study, budgeted expenditures and human resources.

Chapter VII, Medium-term plan, 1994-1998, presents planned income and expenditures for the next five years.

Chapter VIII contains the draft resolutions of the Committee on Administration and Finance relating to the GCO budget.

The Executive Director recommends that the Executive Board approve the GCO budget and the draft resolutions for the 1994 fiscal year.

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I. OVERVIEW

A. Introduction

1. In 1993, the Greeting Card and related operations (GCO) began to implement the decisions taken by the Executive Board with regard to the reorganization of GCO along functional lines and to follow up on all the strategic plans outlined in the work plan and budget for 1993 (E/ICEF/1993/AB/L.6). The 1993 fiscal year commenced with the three newly appointed deputy directors, under the leadership of the Director, GCO, taking up their positions in the functional areas of product line and marketing, private sector fund-raising and operations and finance respectively. Having greater clarity of purpose, well-defined human resource capacity and a transparent allocation of operating funds, the three deputy directors set out to accomplish the goals articulated in the 1993 work plan and budget. Having received the reconfirmation from the 1993 session of the Executive Board that GCO is the commercial arm of UNICEF and that the primary objective of GCO is to generate income from the private sector for UNICEF-assisted programmes, the GCO policy platform was firmly established. As a result of clear guidance and a meaningful frame of reference from the Executive Board, GCO was able to conduct the studies, evaluations and research required to increase product sales, enhance private sector fund-raising and streamline operations.

2. Given the persistent recessionary trends in many parts of the world, the Executive Director has encouraged GCO management to become even more proactive in raising funds from the private sector. With excellent collaboration from National Committees for UNICEF and UNICEF field offices, a number of initiatives to improve the income-generating capability of GCO have been conducted and the resulting recommendations are included in the present document for review and approval by the Executive Board (see para. 91 below).

3. In order to achieve its mission, GCO reconfirms the goals that were established at the 1993 session of the Executive Board:

(a) To generate increased funds from the sale of greeting cards and other products world wide that are compatible with the UNICEF image and values;

(b) To maximize income raised for UNICEF from the private sector world wide through a variety of fund-raising activities;

(c) To provide enhanced support to National Committees for UNICEF, UNICEF field offices and other partners;

(d) To achieve the highest levels of productivity, efficiency, cost-effectiveness and quality throughout GCO global operations;

(e) To maintain a cohesive, highly effective, high-performance team with a unified sense of purpose.

Objectives and strategies for each of the three GCO functional groups are presented separately in chapters III, IV and V.

B. Policy issues

4. As discussed in the 1993 work plan and budget (E/ICEF/1993/AB/L.6) presented to the 1993 regular session of the Executive Board, GCO conducted a series of internal studies and policy reviews during 1993 in order to determine new ways of increasing GCO overall efficiency and profitability, as well as to focus its human and financial resources more strategically. These include, but are not limited to, the following:

(a) Production facilities study: GCO undertook a study of its production facilities to determine their cost-effectiveness and ability to meet the short- and long-term needs of partners. Based on a review of its production facilities in Asia, Europe, Latin America and North America, it was determined that, owing to excess capacity in the GCO production facilities in North America and the importance of improving the utilization of inventory cards and other products, GCO should consolidate its production and distribution facilities in Europe and North America. A more detailed description of the study and its recommendations is presented in chapter V below;

(b) Field offices study: a task force consisting of GCO staff from UNICEF field offices, Geneva and New York undertook a complete review of GCO operations and GCO-funded posts at UNICEF field offices to determine the most appropriate staffing requirements, organizational structures and responsibilities. In an effort to streamline the organization of GCO, to focus on income-generating activities in major markets with the greatest potential and to decentralize decision-making to the regional level for field offices, it is recommended that GCO concentrate on 10 countries and to transform the two existing production and distribution centres at Rio de Janeiro and Singapore into regional support centres. In addition to supporting the priority countries, the regional support centres, based on prevailing marketing conditions, will selectively support, both technically and financially, other markets in their respective countries. On the basis of clear and objective criteria, it is proposed to reduce the number of established posts in GCO by 38. A more detailed description of the study and the recommendations is presented in chapter VI below;

(c) Fifty per cent net return on gross proceeds: a task force consisting of participants from six National Committees for UNICEF and GCO staff evaluated the dynamics of the 50 per cent target in terms of its impact on sales volume, income and access to distribution channels, as contrasted with donor concerns for minimizing GCO overhead costs. Difficulties faced by National Committees in increasing sales volume and developing innovative solutions, as well as concerns about deviating from the 50 per cent target, were discussed at length. Position papers prepared by both the National Committees and GCO were taken fully into account. The need to finance selective initiatives to meet increasing competition in the market place and to gain access to more channels of distribution was accepted unanimously by task force participants. However, the requirement of structuring this investment in a manner so as not to lose sight of the 50 per cent target was also accepted. The proposed solution was to establish a five-year investment fund, similar to the Fund-raising Development Programme. An amount would be included in each annual budget that would enable National Committees to test and evaluate initiatives to increase card and other product sales. Once this amount is included in the budget, the estimated return

on gross proceeds may fall slightly below the 50 per cent target, but the Executive Board would exercise significant control over the amount of the fund and its duration. The fund will be referred to as the Market Development Programme, for which $5 million has been included in the 1994 work plan and proposed budget. A more detailed explanation of the mechanism for monitoring this fund is presented in chapter III below;

(d) Private sector income reporting: at its 1993 session, the Executive Board authorized GCO to include in its financial report income raised with its support for supplementary-funded projects (E/ICEF/1993/14, decision 1993/24). At the time of the preparation of the present 1994 work plan and proposed budget, the procedures to implement that policy are being worked out by GCO, the Programme Funding Office and the Division of Financial Management. Thus, 1994 GCO income estimates in the present budget do not include the income expected to be raised with GCO support to finance supplementary-funded projects. Nevertheless, the expenses related to GCO support have been included in the budget estimates. In 1992, the actual amount of income raised with GCO support was approximately $21.7 million. In 1993, this amount is estimated to be $31.2 million;

(e) Fund-raising development programme: GCO has completed the second year review of the three-year programme and, based on positive results, recommends renewal of the programme as an important investment facility for National Committees and field offices. An amount of $5 million has been included in the 1994 work plan and proposed budget (for more details, see chap. IV below);

(f) GCO fiscal year and biennial budget format: GCO has evaluated the advantages and disadvantages of utilizing a biennium budget format and of changing the year-end closure dates to conform with those of the other divisions of UNICEF. These issues have been discussed with the external auditors. Since the results from consignees will not be available as of 31 December, it will be necessary to close GCO accounts with estimated sales and to reconcile inventory and record inventory variances in subsequent years. The 1996-1997 biennium would be the earliest time at which GCO could change to a biennium budget cycle and have a common year end with other UNICEF divisions. If the 1994 Executive Board supports these changes, GCO could initiate the process to amend the Financial Regulations and Rules accordingly in 1994 and 1995.

C. Preparation of work plan and budget

5. The GCO work plan and proposed budget for 1994 has been prepared taking into account the recommendations of the various studies and policy reviews mentioned above. The budget for the 1994 fiscal year is an attempt to balance a significant increase in urgently required investments by streamlining the organization of GCO, by limiting production facilities to two locations and by focusing GCO activities on major markets in developing countries. The increased investments are necessary to expand card and other product sales through the Market Development Programme and to maintain the expanding growth in private sector fund-raising through the Fund-raising Developing Programme. The GCO work plan and proposed budget was reviewed initially by the newly formed Greeting Card Budget Committee and was then reviewed and approved by the GCO Management

Committee and the UNICEF Budget Planning and Review Committee, chaired by the Deputy Executive Director, Operations, and finally by the Executive Director and the deputy directors. The budget proposals have been made within the framework of the Financial Regulations and Rules of UNICEF (E/ICEF/FINANCIAL RULES/1), including the special supplement, Greeting Card Operation (E/ICEF/FINANCIAL RULES/1/Add.1).

6. Consistent with efforts made in the 1993 work plan and proposed budget (E/ICEF/1993/AB/L.6) to present more transparent budget, income, expenditure and staffing projections, each of the two GCO income-producing areas, product line and marketing and private sector fund-raising, are presented separately. The net income target per cent to gross proceeds for product line and marketing is presented in table 5. Budgeted expenditures also are presented separately for the Director's Office, the Operations and Finance Group and GCO support to UNICEF field offices. The expenditure estimates for these three support functions are allocated to the two income-generating activities on the basis of a head count for rent and communication costs and on the basis of net proceeds for all other expenditures (see annex V). For financial reporting purposes, however, the 1994 consolidated GCO income statement is presented consistent with prior years, i.e., without any allocation of expenditures between the Product Line and Marketing Group and the Private Sector Fund-raising Group (see table 1). In table 1, the budget proposed for 1994 is based on the medium projection. High and low projections also are provided in annex VI for information. The presentation of information on posts is shown combined for core and project posts since the funding source for both categories is GCO net proceeds, however, a listing of all project posts at headquarters locations is presented in annex VII.

Table 1. GCO income statement for 1992, 1993 budget and 1994 proposed budget

	1992 Actual a/	1993 Budget	1994 Proposed	Variance 1993 / 1994	
					%
Card sales volume (millions)	150	162	165	3	1.9
	Millions of US dollars	Millions of US dollars	Millions of US dollars	Millions of US dollars	%
Gross proceeds – GCO products	151.0	154.0	161.0	7.0	4.5
Less: Commissions and direct expenses at field offices	38.3	38.1	40.7	2.6	6.8
Net proceeds	112.7	115.9	120.3	4.4	3.8
Less: Cost of goods delivered	29.5	29.9	31.4	1.5	5.0
Operating costs	17.7	23.5	25.1	1.6	6.8
Market Development Programme	–	–	5.0	5.0	0.0
Add: Other income – net	6.5	7.8	8.6	0.8	10.3
Net operating income – GCO products	72.0	70.3	67.4	(2.9)	(4.1)
Net operating income – Private sector fund-raising – net (table 7)	44.2 b/	37.1	51.7	14.6	39.4
Less: Fund-raising Development Programme	(3.6)	(5.8)	(5.0)	0.8	(13.8)
Others:					
Central and Eastern European National Committees Development Programme	(1.2)	(1.0)	(1.3)	(0.3)	30.0
Net operating income – consolidated	111.4	100.6	112.8	12.2	12.1
Less: Exchange rate adjustment	4.3	–	–	–	–
Transfer to special events operating account					
Prior years' adjustment	(0.1)	–	–	–	–
Net income – consolidated	107.2	100.6	112.8	12.2	12.1

Total expenditures (included in above statement)

GCO products (direct expenses at field offices, cost of goods delivered and operating costs)	51.7	57.8	60.8	3.0	5.2
Market Development Programme	0.0	0.0	5.0	5.0	0.0
Private sector fund-raising (operating costs and research and development)	6.0	5.9	5.3	(0.6)	(10.2)
Private Sector Fund-raising Development Programme	3.6	5.8	5.0	(0.8)	(13.8)
Central and Eastern European National Committees Development Programme	1.2	1.0	1.3	0.3	30.0
Total expenditures – consolidated	62.5	70.5	77.4	6.9	9.8

a/ The 1992 figures have been restated to conform to the revised presentation of the 1993 and 1994 budgets.
b/ Additional income of $23.1 million was allocated for supplementary funds and will be shown in the UNICEF financial report.

D. Consolidated income and expenditure projections for 1994

7. As indicated in table 1, for 1994, the consolidated net operating income of GCO is projected to be $112.8 million, an increase of $12.2 million (12.1 per cent) over the 1993 budget and $5.6 million (5.2 per cent) more than 1992 actual. This represents the total net operating income from the two GCO income-generating areas: greeting card and other products ($73.9 million, see table 5) and private sector fund-raising ($40.1 million, see table 7), less $1.3 million proposed for the Central and Eastern European National Committee Development Programme (see also paras. 20-22 below). In 1992, GCO also supported the efforts of National Committees and UNICEF field offices to raise an additional $21.7 million for supplementary-funded projects. It should be noted that the above-mentioned income is net of 25 per cent retention, which is used by National Committees to increase card and other product sales, as well as to support other activities, including private sector fund-raising, general advocacy, information dissemination and education for development, all of which are mutually supportive. For these activities, GCO also makes available additional funds through its research and development budget, the Central and Eastern European National Committees Development Programme and the Fund-raising Development Programme. In 1992, total amounts retained by or provided to National Committees exceeded $57.0 million.

8. Consolidated expenditures are projected to be $77.4 million, $6.9 million or 9.8 per cent above the 1993 budget, and $14.9 million or 23.8 per cent above 1992 actuals (table 1). The increase over the 1993 budget is due to the higher cost of goods delivered, a result of increased volume, inflation and a greater tendency on the part of the National Committees to test new initiatives, with a view to increasing product sales (for details, see para. 4 above and paras. 23 and 24 below). All other cost increases, including statutory salary increases and increases due to the effects of inflation, have been offset by cost reductions in other areas, including savings from the revised field office structure and the consolidation of GCO production facilities. Excluding the $5 million proposed investment in the Market Development Programme and the statutory salary increases, GCO would have no overall increases in the 1994 budget compared to 1993.

9. The 1994 contribution to UNICEF general resources of $112.8 million, as indicated in table 1, will depend on the adjustments required as a result of possible exchange rate variations. GCO income and expenditure information is subject to currency fluctuations in relation to the United States dollar. In the present document, the September 1993 United Nations exchange rates have been used.

E. Human resources

10. In response to the emphasis of the Executive Board on the importance of GCO having staff with the requisite qualifications, the Executive Director continues to support GCO efforts to professionalize its human resources, to recruit appropriate and qualified personnel and to develop a more comprehensive training and orientation programme for GCO staff world wide. Furthermore, in concert with the concern of the Executive Board over "the high number of GCO-funded staff in UNICEF field offices and rising staff costs" (E/ICEF/1993/14, annex II,

para. 79), GCO conducted a field offices study that better focuses GCO human and financial resources on major markets in developing countries, with the objective of maximizing income for UNICEF-assisted programmes in the field. Criteria were developed that linked the sales volume and/or revenue generated with future potential. Thus, for field offices that have achieved a sales volume of 500,000 cards and/or $300,000 in gross proceeds, GCO would fund two national Professional posts and one General Service post. As a result of applying this criteria, 10 countries have been identified. After redeploying and/or upgrading posts to the Professional level in these major markets, a net savings of 38 posts has been achieved (see table 2).

11. In order to support this new field structure and to stay within the number of post savings noted above, GCO is proposing to establish regional support centres, which will provide functional, technical and financial support to the countries in each region. These support centres will be staffed by international Professionals redeployed from headquarters and headed by a GCO manager.

Table 2. GCO core and project posts: 1993 budget and 1994 proposed budget

Category and level	1993 Budget	1994 Proposed	Variance 1994 vs. 1993
I. International Professional posts			
D-2/L-7	1	1	0
D-1/L-6	3	3	0
P-5/L-5	14	15	1
P-4/L-4	20	24	4
P-3/L-3	37	31	(6)
P-2/L-2	14	15	1
P-1/L-1	1	1	0
Total international Professional posts	90	90	0
II. Local posts			
General Service	177	135	(42)
National Officer	21	25	4
Total local posts	198	160	(38)
Total posts	288	250	(38)

II. DIRECTOR'S OFFICE

A. 1994 objectives

12. The Director's Office is responsible for providing leadership with respect to the establishment, implementation and periodic review of GCO policy decisions and corporate objectives. The Director, GCO, maintains a regular dialogue on the overall strategic direction of the Division with GCO staff, National Committees, UNICEF field offices and other UNICEF divisions, especially the Division of Information, the Division of Public Affairs, the Programme Funding Office and the Division of Financial Management.

13. The primary objectives of the Director's Office in 1993 are to oversee and manage the strategic planning process of the three functional groups, to monitor the progress and implementation of the GCO work plan and to ensure that GCO achieves its established objectives within the budget approved by the Executive Board. This will be accomplished in particular through participation in the GCO Management Committee and the Budget Planning and Review Committee. The Director's Office also will ensure implementation of GCO human resource plans and policies through the GCO Personnel Unit.

B. Analysis of 1994 budget expenditures

14. Budgeted expenditures for the Director's Office include the costs of the Office of the Director, the Personnel Unit and support staff. Total costs for 1994 are forecast at $1 million, the same as for the 1993 budget (see table 3). Also included in the 1994 budget is the salary of an internal auditor, who reports to the Director of Internal Audit, at a total cost of $100,000. The decrease in travel costs is attributed to a more decentralized decision-making process.

C. Human resources

15. With the completion of the major task of filling a high number of vacant posts in GCO and the implementation of streamlined processes in the Personnel Unit, it has been decided to abolish one General Service post (see table 4).

Table 3. Director's Office: actual expenditures for 1992, 1993 budget and 1994 proposed budget

(In thousands of United States dollars)

Expenditures	1992 Actual	1993 Budget	1994 Proposed budget	Changes 1994 versus 1993	
				$	%
Semi-fixed costs					
Professional project staff	108			0	0.0
General Service project staff	17			0	0.0
Short-term assistance		10	38	28	280.0
Travel, conference and liaison	125	105	48	(57)	(54.3)
Communications	21	29	28	(1)	(3.4)
Office supplies and services	13	7	8	1	14.3
Furniture and office equipment	16	5	5	0	0.0
Staff training	27	35	5	(30)	(85.7)
Others	5	13	13	0	0.0
Total semi-fixed costs	332	204	145	(59)	(28.9)
Fixed costs					
Core posts	688	517	518	1	0.2
Other benefits	322	226	229	3	1.3
Rent	74	45	96	51	113.3
Total fixed costs	1,084	788	843	55	7.0
Total expenses	1,416	992	988	(4)	(0.4)
Less allocation					
Product Line and Marketing	982	724	676	(48)	(6.7)
Private Sector Fund-raising	434	268	312	44	16.6
Total expenses after allocation	0	0	0	0	0.0

Table 4. Director's Office: core and project posts, 1993 budget and 1994 proposed budget

Category and level	1993 Budget	1994 Proposed	Variance 1994 vs. 1993
I. International Professional posts			
D-2/L-7	1	1	0
D-1/L-6	0	0	0
P-5/L-5 a/	1	1	0
P-4/L-4	1	1	0
P-3/L-3	1	1	0
P-2/L-2	0	0	0
P-1/L-1	0	0	0
Total international Professional posts	4	4	0
II. Local posts			
General Service	6	5	(1)
National Officer	0	0	0
Total local posts	6	5	(1)
Total posts	10	9	(1)

a/ This refers to the post of internal auditor funded from the GCO budget.

III. PRODUCT LINE AND MARKETING

A. Introduction

16. The key issues facing the Product Line and Marketing Group in 1994 may be summarized as follows:

(a) Despite an unprecedented increase in net operating income (after allocation) in 1992 of $11.7 million (17.9 per cent) compared to 1991, there has been slow growth in the sales volume of cards and other products. The widespread economic recession continues to affect sales to corporations, representing between 30 and 50 per cent of volume;

(b) GCO has modified its global strategy and will concentrate its efforts on the major markets in industrialized countries and a select number of additional markets in developing countries where the potential for increased sales and proceeds is substantial;

(c) The need for greater attention to inventory management has become apparent. For the Product Line and Marketing Group, this means a careful re-evaluation of the areas of ordering and forecasting, as well as a better utilization of inventory products in a more creative and more geographically widespread fashion;

(d) Market research has shown that, when a careful match between product mix, distribution channels and target groups is made, there is increased sales potential. GCO, together with its partners, will explore and invest in these areas of market expansion.

B. 1994 objectives

17. The objectives of the Product Line and Marketing Group for 1994 (see table 5) are as follows:

(a) To achieve global sales of 165 million cards, an increase of 5 million cards or 3 per cent over the 1993 latest estimate (see annex III), and 3 million cards over the 1993 budget;

(b) To augment gross proceeds from the 1993 budget of $154 million to $161 million, an increase of $7 million or 4.5 per cent (excluding the proposed Market Development Programme);

(c) To increase net operating income (after the allocation of operating costs, but excluding the proposed Market Development Programme) from the 1993 budget of $75.5 million to $78.9 million, an increase of $3.4 million (4.4 per cent).

Table 5. Product Line and Marketing Group: income and expenditures for 1992 actual, 1993 budget and 1994 proposed budget

(In thousands of United States dollars)

	1992 Actual	1993 Budget	1994 Proposed budget	Changes 1994 versus 1993	
Card sales volume (millions)	150	162	165	3	1.9 %
				$	%
Gross proceeds	150,987	154,000	161,000	7,000	4.5
Less: commissions	33,879	33,725	36,408	2,683	8.0
Net proceeds	117,108	120,275	124,592	4,317	3.6
Direct production costs					
Cards	13,434	11,130	11,826	696	6.3
Stationery products	2,896	3,145	3,200	55	1.7
Other GCO products	2,921	4,833	5,625	792	16.4
Total direct production costs	19,251	19,108	20,651	1,543	8.1
Indirect production costs					
Freight, duties and taxes	3,605	3,749	3,678	(71)	(1.9)
Storage	245	269	192	(77)	(28.6)
Indirect labour and benefits	272	293	295	2	0.7
Other maintenance supplies and services	382	456	561	105	23.0
Promotional materials	5,707	6,035	6,061	26	0.4
Total indirect production costs	10,211	10,802	10,787	(15)	(0.1)
Semi-fixed costs					
Professional project staff	616	2,299	2,400	101	4.4
General Service project staff	951	1,688	1,938	250	14.8
Short-term assistance	0	199	223	24	12.1
Travel, conference and liaison	780	926	663	(263)	(28.4)
Communications	120	156	165	9	5.8
Office supplies and services	22	26	42	16	61.5
Product development and design samples	712	1,640	792	(848)	(51.7)
Furniture and office equipment	34	146	50	(96)	(65.8)
Staff training	11	89	50	(39)	(43.8)
Market research and development	181	1,000	1,000	0	0.0
Others	6	20	33	13	65.0
Total semi-fixed costs	3,433	8,189	7,356	(833)	(10.2)
Fixed costs					
Core posts	1,878	240	259	19	7.9
Other benefits	758	47	175	128	272.3
Rent	348	265	644	379	143.0
Depreciation		30	30	0	0.0
Total fixed costs	2,984	582	1,108	526	90.4
Total expenses	35,879	38,681	39,902	1,221	3.2
Add: Other income	6,526	7,800	8,560	760	9.7
Net operating income before allocation	87,755	89,394	93,250	3,856	4.3
Less: Allocation of operating costs					
Director's Office	981	725	676	(49)	(6.8)
Operations and Finance	6,748	9,907	8,769	(1,138)	(11.5)
Field offices	3,092	3,222	4,910	1,688	52.4
Net operating income after allocation	76,934	75,540	78,895	3,355	4.4
Less: Market Development Programme (MDP)	0	0	5,000	5,000	0.0
Net operating income after allocation and MDP	76,934	75,540	73,895	(1,645)	4.4
Percentage of gross proceeds before MDP	51.0	49.1	49.0		
Percentage of gross proceeds after MDP	51.0	49.1	45.9		

C. 1994 strategies

18. In order to achieve the objectives set for 1994, the following strategies have been developed:

(a) In the area of card and other product development:

(i) To direct the GCO card and product ranges towards a year-round operation;

(ii) To expand the UNICEF product range by including products tailored to new distribution channels;

(iii) To ensure that licensing and co-produced products open up new and additional markets;

(iv) To undertake a study to maximize profitability of all products developed;

(v) To make sure that corporate partnership strategies are used to develop product, promotion and distribution partnerships;

(vi) To review the validity of major market product mixes of both cards and other products, with special emphasis on improving the quality of both;

(vii) To develop and produce a special product line for the fiftieth anniversary of UNICEF;

(b) In the area of market development:

(i) To define and implement specific marketing strategies to expand sales to the business/corporate sector;

(ii) To seek to expand sales channels and to identify target groups for year-round sales;

(iii) To focus marketing activities to ensure sales growth in identified priority-potential field offices;

(iv) To continue to develop sales channels and to manage inventory products in cooperation with the Operations and Finance Group;

(v) To support efforts by major markets to expand sales in mail order channels through continued initiatives in prospecting, list segmentation, telemarketing and targeting markets with special promotional material;

(vi) To develop specialized promotional materials required for sales expansion in the area of retail sales, UNICEF shops and licensed product activities;

(vii) To participate in the review of inventory management, formulation of recommendations and implementation of required actions, with special emphasis on forecasting and ordering procedures;

(c) In the area of market research:

(i) To continue to invest significantly in market research to learn about the needs of the market and of target customers in order to make informed choices about appropriate products and distribution channels;

(ii) To research and evaluate the cross-over potential of databases for both product sales and fund-raising;

(iii) To expand the study of the GCO competitive environment with respect to pricing, product mix and distribution in order that GCO can maintain its competitive edge;

(iv) To continue to build a reference library on all recent market research on the card and gift markets and fund-raising.

D. Corporate partnership strategy

19. The corporate partnership guidelines are being finalized in consultation with National Committees and subsequently with UNICEF field offices. Status reports were presented at the 1993 annual meeting of National Committees, the 1993 private sector fund-raising workshop for National Committees, the 1994 greeting card workshop for National Committees and the March 1994 meeting of the Working Group on Private Sector Fund-raising. The guidelines will be presented to the 1994 annual meeting of National Committees for adoption. GCO is planning a series of customized training sessions with major markets to optimize individual applications of the corporate partnership strategies.

E. Central and Eastern European National Committees Development Programme

20. A three-year Central and Eastern European National Committees Development Programme (see E/ICEF/1992/AB/L.6) was approved by the 1992 Executive Board (E/ICEF/1992/14, decision 1992/40) to assist National Committees in covering their management costs and expenditures for raising awareness, general advocacy, information dissemination, sales network expansion and donor constituency-building. Originally, it was expected that these National Committees could be self-sustaining within a three-year period. The 1992 Executive Board approved an amount of $530,000 from the GCO budget for investments and permitted the concerned National Committees to retain up to 100 per cent of the gross proceeds for the next three years.

21. GCO is actively involved with the National Committees of Central and Eastern Europe in the ongoing process of planning, spending and evaluating their budgets, which are necessary for building an infrastructure and investing in a solid buyer and donor base for generating present or future income.

22. Given the difficult economic and other trends that many of the countries in Eastern and Central Europe are currently facing, the objective of these National Committees of achieving self-sufficiency within three years had to be re-examined. Each of the concerned National Committees has prepared, jointly with GCO and other concerned UNICEF divisions, a long-range financial plan. Assumptions regarding product sales volumes and prices, prospects for private sector fund-raising, inflationary trends, exchange rates, etc., have been examined. Based on these plans, most of the National Committees will become self-reliant, with a 25 per cent retention rate by the year 1998. It is now proposed to extend the policy of allowing these National Committees to retain gross proceeds for both business-building and in-country programmes. On the condition that the assumptions used in developing the financial plans prevail, it is proposed to have a declining retention rate from the 100 per cent approved for 1994 to 80 per cent in 1995, 60 per cent in 1996, 40 per cent in 1997 and 25 per cent thereafter.

F. Market Development Programme

23. During a series of meetings with sales partners at a meeting of a joint National Committee/GCO task force studying the 50 per cent profitability question, it became clear that the marketing and sales of UNICEF greeting cards and products needed increasing investment to expand the markets and increase sales in order to generate higher income for UNICEF.

24. As mentioned in paragraph 4 (c) above, it is proposed to establish an investment fund, the Market Development Programme, totalling $25 million ($5 million per year over a period of five years), to test and evaluate new income-generating initiatives for card and other product sales. To ensure maximum results, it was unanimously agreed by the National Committee/GCO task force that the Market Development Programme funds provided by GCO would be matched equally by the benefiting National Committee. With each request for funding, a complete description of the project would be submitted to GCO for approval, along with a five-year marketing and financial plan. Each National Committee would establish separate accounts for the transparent monitoring of the investment over the plan period. In the context of the work plan and proposed budget, GCO would report each year to the Executive Board on the investments made and the lessons learned from each project.

G. 1994 budgeted income levels

25. Sales volume for 1994 is projected at 165 million cards, an increase of 3 million cards (1.9 per cent) when compared with the 1993 budget, and 15 million cards (10 per cent) when compared with 1992 actuals (see table 5). The 1994 sales volume is projected to be higher than the 1993 budget, owing to a foreseen recovery in the economy. Annex III presents 1994 sales forecasts for each major market by GCO sales region, compared with 1992 actuals, the 1993 budget and the latest estimates for 1993.

26. Gross proceeds for 1994 are expected to range from a low of $156 million to a high of $164 million (see annex VI). The medium projection is $161 million, an increase of $7 million (4.5 per cent) over the 1993 budget and $10 million (6.6 per cent) over actual gross proceeds in 1992. The September 1993 United Nations exchange rates have been applied.

27. The commissions retained by National Committees for 1994 are budgeted at $36.4 million (see table 5). For presentation purposes, UNICEF field office commissions have been reflected as part of field office expenses. The 1993 budget for commissions has been restated to reflect this change.

28. "Other income - net" for 1994 is projected to be $8.6 million, $0.8 million (9.7 per cent) more than the 1993 budget and $2.1 million (32.3 per cent) above actual income in 1992. This additional revenue is forecast on the basis of income from licensed products, donations generated through brochures and order forms, bank interest and discounts on purchases.

29. For 1994, the net operating income from the Product Line and Marketing Group (after allocation of operating costs but excluding the Market Development Programme) is projected at $78.9 million (49 per cent of gross proceeds), an increase of $3.4 million (4.4 per cent) and $2 million (2.6 per cent) when compared to the 1993 budget and 1992 actuals, respectively. After providing $5 million for the Market Development Programme, the 1994 net operating income is projected to be $73.9 million (45.9 per cent of gross proceeds). Thus, GCO continues to give priority to meeting the Executive Board mandate of 50 per cent profitability from product sales.

H. Analysis of 1994 budgeted expenditures

30. Total expenditures prior to the allocation of operating costs are projected to increase by $1.2 million (3.2 per cent) over the 1993 budget (see table 5). This is a result of higher production costs owing to increased volume, inflation and product mix ($1.5 million or 8.1 per cent), statutory salary increases ($0.4 million) and rate increases in utilities, rent and other maintenance supplies and services ($0.6 million). These increases are offset by decreases in the cost of product development and design samples ($800,000), travel, conference and liaison ($300,000) and freight, storage, furniture and office equipment ($200,000). In conclusion, operating costs for this functional group (excluding direct and indirect production costs) are $300,000 lower than the 1993 budget. The increase in direct production costs is essential to provide the more dynamic product mix necessary to support the goal of increasing sales.

I. Human resources

31. Over all, the total number of posts in the Product Line and Marketing Group is the same as in 1993. A reduction of one international Professional post has been offset by an increase of one General Service post. The movement in international Professional posts is a net result of the redeployment of two posts to the regional support centres and the establishment of one new L-5 post in Geneva. In the General Service category, one new post of secretary is being

added to support the Market Research Section. All other changes are offsets within the functional group.

32. In an effort to strengthen the planning and coordination functions in Product Line and Marketing, a new post of senior marketing and planning officer at the L-5 level is being established in Geneva. In addition to being responsible for the Market Research, Analysis and Planning Section, this officer, who will report to the Deputy Director, Product Line and Marketing, will coordinate the efforts of all sections in Product Line and Marketing and Private Sector Fund-raising and focus attention on maximizing GCO income.

33. In line with the recommendations of the field offices study, it is proposed to transfer two L-3 sales development officer posts from headquarters, one each to the two regional support centres, and to abolish one L-2 post of assistant order and distribution officer.

34. To support the increase in the number of publicity items produced, the GCO expanded product range and new distribution channels, a new post of assistant publicity promotion officer at the L-2 level is being established.

35. A new post of assistant sales development officer is being established in the Market Development Section to assist National Committees in the North America and Pacific regions. This is offset by redeploying an L-2 post of assistant card development officer.

Table 6. Product Line and Marketing Group: core and project posts, 1993 budget and 1994 proposed budget

Category and level	1993 Budget	1994 Proposed	Variance 1994 vs. 1993
I. International Professional posts			
D-2/L-7	0	0	0
D-1/L-6	1	1	0
P-5/L-5	4	5	1
P-4/L-4	5	4	(1)
P-3/L-3	12	9	(3)
P-2/L-2	4	6	2
P-1/L-1	0	0	0
Total international Professional posts	26	25	(1)
II. Local posts			
General Service	28	29	1
National Officer	0	0	0
Total local posts	28	29	1
Total posts	54	54	0

IV. PRIVATE SECTOR FUND-RAISING

A. Introduction

36. Several National Committees for UNICEF have taken action to increase the number of donors and to cultivate those donors to make larger and more frequent contributions. These actions will offset some of the effects of the difficult economic situation in industrialized countries and allow UNICEF to sustain its impressive growth in private sector income.

37. Several smaller National Committees, especially those in Scandinavian countries, are making a serious effort to establish a solid donor base. Since these markets have been relatively untapped, new sources of private sector income will start to flow if adequately planned and supported.

38. Both the Japan and Hong Kong Committees for UNICEF now have the ability, commitment and resources needed to expand their private sector fund-raising activities. Test results indicate the possibility of substantial increases in income from these activities.

39. With the establishment of the Korean Committee for UNICEF, the expanded donor constituency, funds raised to date and ambitious plans to expand fund-raising appeals to the public will ensure increased UNICEF income in the future. Further development of the market potential, however, will require continued investments from GCO (the Fund-raising Development Programme and research and development funds).

40. Activities in private sector fund-raising undertaken with GCO support by a number of UNICEF field offices in Latin America, notably, those in Argentina and Brazil, have resulted in impressive growth in individual and corporate donors and a commensurate increase in funds generated. Actions under way in a number of other countries in Latin America are expected to generate income from the private sector for the first time. Similar efforts in Indonesia, the Philippines, Nigeria and Thailand are expected to bear fruit for the first time in 1994-1995.

41. The support provided by GCO to selected countries in Central and Eastern Europe and the former Soviet Union in developing their capacity for raising funds from the private sector has started to show encouraging results. This is especially true in Hungary. A small number of other countries in this region are expected to follow. While the funds raised will be used initially to implement programmes for children in the countries concerned and, thus, will not be reflected as income to UNICEF, this base is crucial if these countries are to become donors to UNICEF in the future.

42. The field offices study undertaken by GCO in 1993 will allow for the redeployment of GCO-funded staff to those markets with the highest revenue potential. Implementation of the recommendations of the field offices study will have a positive impact upon the capacity of UNICEF field offices to generate funds from the private sector.

43. The extension of the Fund-raising Development Programme will allow for the availability of increased funds for partners for investment in expanding their donor base and extending their capacity to raise more funds on a sustained basis. The impact of these investments on the future capacity of National Committees and UNICEF field offices is extremely important.

44. Executive Board decision 1993/24, which enables GCO to report income raised both for general resources and supplementary funding, will allow GCO to direct its support to those countries where the potential for private sector fund-raising is greatest.

B. Policy issues

45. The $12 million Fund-raising Development Programme approved by the Executive Board in 1991 for a three-year period (E/ICEF/1991/15, decision 1991/35) was received favourably by GCO partners. The current programme expires in 1993. However, because of its success and its invaluable support to GCO partners, it is proposed to extend the Fund-raising Development Programme for an additional five years, with an outlay of $5 million proposed for 1994. A detailed status report on the Fund-raising Development Programme will be included in the GCO provisional report for the period 1 May 1993 to 30 April 1994 (see E/ICEF/1994/AB/L.4).

C. 1994 objectives

46. The overall objective of the Private Sector Fund-raising Group in 1994 is to provide technical and material support and guidance, when desired and solicited, to National Committees for UNICEF, UNICEF field offices and other partners in the planning and implementation of their private sector fund-raising activities.

47. Given the tangible and positive results achieved in 1992 and projected for 1993, the target for net proceeds from private sector fund-raising remitted through GCO by National Committees for UNICEF to general resources in 1994 is $57 million. The target amount is based on consultations with GCO partners and long-term actions currently being implemented. GCO-supported supplementary funding income is expected to increase at a similar rate.

48. GCO aims to provide strengthened support to National Committees, UNICEF field offices and other partners, in order to achieve and sustain a minimum annual growth rate of 20 per cent in funds raised from the private sector.

49. GCO will continue to support its partners in achieving the above-mentioned results through a better planned and managed approach that allows for a more cost-effective operation. GCO cost increases to support this income growth will be held to 10 per cent for GCO staff and related costs, including inflation, while funds available for investments by National Committees and UNICEF field offices will grow proportionately, in line with the projected increase in private sector income of UNICEF's partners.

D. 1994 strategies

50. GCO will achieve the overall objectives in private sector fund-raising through the following means:

(a) By providing targeted and systematic help to partners in the preparation of their strategic plans;

(b) By clearly defining the support required from GCO by its partners in order to achieve their plans, both technical and financial, and ensuring that this support is provided in a timely and professional manner;

(c) By supporting the use of computer hardware and software by National Committees for UNICEF and UNICEF field offices to meet the needs of direct mail and other direct fund-raising programmes;

(d) By assisting with background research on corporations that National Committees for UNICEF and UNICEF field offices consider for corporate partnerships;

(e) By developing the planning and production of fund-raising materials, including fund-raising kits and direct-mail materials;

(f) By preparing travelling multilingual versions of exhibits developed over the past three years for partners that use these exhibits as an integral part of their fund-raising plans, responding to the needs of headquarters and those of partners for new exhibits and developing these new exhibits using interactive technologies and hands-on materials;

(g) By keeping abreast of developments and opportunities in private sector fund-raising, as well as identifying and testing, with partners, those methodologies that have the potential to increase contributions from the private sector;

(h) By strengthening cooperation between UNICEF and its partners, as well as among the partners themselves, through clearing-house functions, in addition to the co-organization of the meetings of the Working Group on Private Sector Fund-raising, the private sector fund-raising workshop for National Committees and regional meetings of UNICEF field offices undertaking private sector fund-raising;

(i) By providing opportunities for staff from National Committees for UNICEF, UNICEF field offices involved in private sector fund-raising and other partners to be trained in fund-raising techniques through visits to other committees or to field offices, participation in training workshops and seminars and on-site visits.

E. 1994 budgeted income levels

51. Net proceeds from GCO private sector fund-raising activities, excluding funds generated with GCO support that will go towards supplementary-funded programmes, are projected to be $57 million, an increase of $6.8 million (13.5 per cent) over 1992 actuals and $14 million (32.4 per cent) higher than the 1993 budget.

52. The net operating income for the Private Sector Fund-raising Group for 1994, prior to the allocation of operating costs, is projected to be $51.7 million, an increase of $7.5 million (17 per cent) when compared to 1992 actuals and $14.6 million (39.4 per cent) higher than the 1993 budget. After the allocation of operating costs and the inclusion of the investment in the Fund-raising Development Programme, the net operating income for this group is projected at $40.1 million, an increase of $14.1 million (54.6 per cent) over the 1993 budget and $4.4 million (12.3 per cent) higher than the 1992 actual.

F. Analysis of 1994 budgeted expenditures

53. For 1994, GCO has budgeted expenditures of $5.3 million for private sector fund-raising prior to taking the budget for the Fund-raising Development Programme into account. This represents a decrease of $700,000 (11.1 per cent) when compared to the 1993 budget (see table 7). The reduction in operating costs is a result of lower staffing costs in New York and Geneva ($300,000) owing to the redeployment of two international Professional posts (L-4) to the regional support centres and the decision to abolish one international Professional post (L-5) from the downsizing of the Special Events Section. This reduction was marginally offset by statutory salary increases. In addition, there are savings of $300,000 from one-time UNICEF House gift shop expenses budgeted in 1993 and lower exhibit costs. A saving of $100,000 is planned in lower operating costs, with the transfer of the two posts to the regional support centres. The reduction of $800,000 in the Fund-raising Development Programme expenses is the result of the fact that the 1993 budget benefited from savings in the first two years of the three-year Fund-raising Development Programme. The Fund-raising Development Programme expenses, however, could be increased if appropriate income opportunities were identified.

Table 7. Private Sector Fund-raising Group: income and expenditures for 1992 actual, 1993 budget and 1994 proposed budget

(In thousands of United States dollars)

	1992 Actual	1993 Budget	1994 Proposed budget	Changes 1994 vs. 1993	
				$	%
Net proceeds	50,252	43,050	57,000	13,950	32.4
Operating costs					
Professional project posts	1,240	1,743	1,318	(425)	(24.4)
General Service project posts	664	884	990	106	12.0
Short-term assistance	0	0	40	40	0.0
Travel, conference and liaison	154	346	319	(27)	(7.8)
Communications	79	101	93	(8)	(7.9)
Office supplies and miscellaneous services	80	344	306	(38)	(11.0)
Furniture, office and equipment	68	119	64	(55)	(46.2)
Rent and maintenance of equipment	41	38	20	(18)	(47.4)
Staff training	4	84	50	(34)	(40.5)
UNICEF House Gift Shop	72	225	40	(185)	(82.2)
Exhibits	97	177	100	(77)	(43.5)
Others	43	46	40	(6)	(13.0)
Core posts	270	118	132	14	11.9
Other benefits	155	42	83	41	97.6
Rent	201	313	327	14	4.5
Total operating costs	3,168	4,580	3,922	(658)	(14.4)
Research and development costs	388	1,350	1,350	0	0.0
Production events and organization costs	2,502	0	0	0	0.0
Total expenses	6,058	5,930	5,272	(658)	(11.1)
Net operating income before allocation	44,194	37,120	51,728	14,608	39.4
Less: Allocation of operating costs					
Director's Office	434	268	312	44	16.4
Operations and Finance	3,114	3,863	4,065	202	5.2
Field offices	1,371	1,185	2,239	1,054	88.9
Net operating income after allocation	39,275	31,804	45,112	13,308	41.8
Less: Fund-raising Development Programme(FDP)	3,575	5,851	5,000	(851)	(14.5)
Net operating income after allocation and FDP	35,700	25,953	40,112	14,159	54.6

G. Human resources

54. As requested by the Executive Board, GCO downsized the Special Events Section. The changes made include:

(a) Abolishing Special Fund-raising Events and New Initiatives as an independent section in the Private Sector Fund-raising Group and integrating the functions related to special fund-raising events into the Fund-raising Support Section;

(b) Abolishing the L-5 post of Chief, Special Fund-raising Events and New Initiatives;

(c) Abolishing the L-4 post of special events officer in New York and establishing an L-3 post in Geneva as part of the Fund-raising Support Section to better address the needs of the countries in Europe for support in the area of special fund-raising events.

55. In line with the recommendations of the field offices study, two posts of private sector fund-raising support officers at the L-4 level are being redeployed from headquarters to the two regional support centres. This will facilitate increased technical support for UNICEF field offices in the region and bolster their fund-raising efforts. In addition, two GCO-funded National Officer posts, one each in the Republic of Korea and Malaysia, will be abolished.

56. To continue to provide technical support from headquarters to National Committees in North America and the Pacific regions and to support the Deputy Director, Private Sector Fund-raising Group, a post of fund-raising support officer at the L-4 level is being established in New York. That post is offset against the post of UNICEF House Visitors Centre manager at the L-3 level, which is being abolished. The UNICEF House Visitors Centre will now be staffed by a General Service post.

57. In summary, there is a net reduction of four posts, i.e., three international Professional and two National Officer posts, offset by one additional General Service post (see table 8).

Table 8. Private Sector Fund-raising Group: core and project posts, 1993 budget and 1994 proposed budget

Category and level	1993 Budget	1994 Proposed	Variance 1994 vs. 1993
I. International Professional posts			
D-2/L-7	0	0	0
D-1/L-6	1	1	0
P-5/L-5	3	2	(1)
P-4/L-4	5	3	(2)
P-3/L-3	5	5	0
P-2/L-2	2	2	0
P-1/L-1	1	1	0
Total international Professional posts	17	14	(3)
II. Local posts			
General Service	16	17	1
National Officer	2	0	(2)
Total local posts	18	17	(1)
Total posts	35	31	(4)

V. OPERATIONS AND FINANCE

A. Introduction

58. GCO will focus its efforts on ensuring the following: that UNICEF field offices and National Committees receive quality products and timely delivery from its production centres; that the revised GCO structure at UNICEF field offices will be staffed with appropriate personnel and well-equipped with appropriate operating budgets and reliable computer systems; that the Market Development Programme will be managed along sound financial lines, with clearly defined guidelines that will permit adequate financial monitoring and evaluation of results; and that the GCO operating units will have modernized and effective computer systems.

Production facilities study

59. As agreed with the Executive Board at its 1993 session, GCO undertook a study of its production facilities "to determine their cost-effectiveness and ability to meet the short- and long-term needs of sales partners" (E/ICEF/1993/AB/L.6, para. 10 (h)). The study recommends that GCO transform its existing production centres at Rio de Janeiro and Singapore into regional support centres, which would be staffed by management, marketing, private sector fund-raising, financial and management information systems personnel to support UNICEF field offices in Asia, Latin America and the Caribbean in their card and other product sales, as well as private sector fund-raising activities.

60. The study also recommends that all production be consolidated at New York and Geneva, which would (a) reduce the unit costs of products; (b) enable GCO to service its major markets in Europe and North America better; (c) improve GCO inventory management systems; and (d) optimize the use of GCO production facilities. Implementation of the recommendations of the production study would lead to substantial savings in direct costs.

61. The study took into consideration the important fact that National Committees for UNICEF generate 90 per cent of the card and other product income. Excluding Brazil and India, UNICEF field offices generate only 4 per cent of the total net card and product income. In addition, with the decision that UNICEF field offices sell inventory products without in any way compromising regional quality designs and product needs (see para. 74 below for details), it was not deemed financially feasible to maintain the two production facilities at Rio de Janeiro and Singapore.

B. 1994 objectives

62. The principal objective of the Operations and Finance Group for 1994 is to maximize income for programmes for children by (a) implementing the operational and financial aspects of the approved recommendations on the production study, the field office study and the two investment funds; (b) devoting more attention to National Committees for UNICEF by supporting them in their efforts to maximize financial investments to generate more income; (c) improving inventory management to ensure quality and the timely distribution of products to sales

partners; and (d) continuing efforts to overhaul and modernize GCO management information systems.

C. 1994 strategies

63. In order to meet the objectives set for 1994, the following strategies have been developed:

(a) In the area of administration and finance:

(i) To assist in the training of staff, the development of policies and procedures, the implementation of the new field office structure and the establishment of effective methods to monitor performance;

(ii) To provide management with the necessary support in the analyses of the Market Development Programme and the Fund-raising Development Programme proposals to ensure the best return on investments;

(iii) To provide monthly and quarterly financial reports, particularly budget monitoring reports by functional group, on a timely basis, with the aim of improving the internal control process;

(iv) To prepare the annual GCO work plan and budget and improve procedures and schedules for the budget preparation process, formulate procedures for a biennial budget process and the adaptation of the fiscal year to match the UNICEF year end and continue the process for making budget transfers during the year to meet the changing priorities of GCO;

(v) To enhance cost controls through the introduction of budget monitoring systems and budget focal points;

(vi) To coordinate with the Planning and Coordination Unit to review the forecasting, production and procurement of products with a view to professionalizing the inventory management systems;

(vii) To enhance the monitoring and follow-up process for addressing audit recommendations and queries;

(viii) To review and analyse the financial information requirements of all GCO organizational units, regional support centres, National Committees for UNICEF, UNICEF field offices and other partners;

(ix) To coordinate with the Management Information Systems Section on the customization of software packages to meet the needs of GCO;

(b) In the area of management information systems:

(i) To upgrade hardware and software platforms in order to migrate from the Wang vertical software to a client server environment;

(ii) To implement application systems in the different functional areas, based on review of users information needs. The completion of the project and the switch-over to the new system may overlap with next year's plans;

(iii) To provide training to users on operational aspects of the new computing environment and application systems;

(iv) To review the design and implementation of the field office system and make necessary changes in the software, in accordance with the strategy for GCO support to UNICEF field offices and National Committees for UNICEF;

(v) To work closely, as a member of the Information Resource Management Advisory Committee, with other UNICEF divisions to assure proper interface with their respective management information systems;

(c) In the area of production, procurement and logistics:

(i) To consolidate the production and distribution of cards and other products at New York and Geneva and transform the existing offices at Singapore and Rio de Janeiro into regional support centres;

(ii) To continue to provide warehousing, distribution and over-printing facilities to countries in Latin America through the regional support centre at Rio de Janeiro;

(iii) To arrange for the New York and Geneva production centres to provide cards and other products for markets in Latin America and Asia;

(iv) To develop policies, procedures and guidelines, in close cooperation with the Product Line and Marketing Group, the Planning and Coordination Unit and sales partners, to ensure effective inventory management;

(v) To continue to search for new supplies world wide to reduce costs while maintaining the highest quality standards. A number of new suppliers of products and colour separation firms have been identified and tests have been conducted to ensure they meet GCO standards on quality and delivery.

D. Analysis of 1994 budgeted expenditures

64. Total 1994 expenses (before allocation) of $12.8 million are projected for the Operations and Finance Group. This represents a decrease of $900,000 (6.8 per cent) when compared to the 1993 budget (see table 9).

Table 9. Operations and Finance Group: actual expenditures for 1992, 1993 budget and 1994 proposed budget

(In thousands of United States dollars)

Expenditures	1992 Actual	1993 Budget	1994 Proposed budget	Changes 1994 versus 1993 $	Changes 1994 versus 1993 %
Semi-fixed costs					
Professional project staff	707	1,238	1,244	6	0.5
General Service project staff	444	1,723	1,798	75	4.4
Short-term assistance	108	453	401	(52)	(11.5)
Travel, conference and liaison	321	402	364	(38)	(9.5)
Communications	233	322	283	(39)	(12.1)
Office supplies and services	172	262	270	8	3.1
Product development and design samples	–	30	30	0	0.0
Furniture and office equipment	339	78	180	102	130.8
Computer software	–	1,000	500	(500)	(50.0)
Computer services and maintenance	322	636	657	21	3.3
Staff training	23	75	100	25	33.3
Others a/	324	411	432	21	5.1
Total semi-fixed costs	2,993	6,630	6,259	(371)	(5.6)
Fixed costs					
Core posts	3,602	3,062	3,008	(54)	(1.8)
Other benefits	1,660	1,659	1,472	(187)	(11.3)
Rent	1,318	1,851	1,452	(399)	(21.6)
Depreciation	184	448	523	75	16.7
Payments to UNICEF b/	105	120	120	0	0.0
Total fixed costs	6,869	7,140	6,575	(565)	(7.9)
Total expenses before allocation	9,862	13,770	12,834	(936)	(6.8)
Less: allocation					
Product Line and Marketing	6,749	9,908	8,769	(1,139)	(11.5)
Private Sector Fund-raising	3,113	3,862	4,065	203	5.3
Total expenses after allocation	0	0	0	0	0.0

a/ Insurance, diplomatic pouch, external auditors, legal fees, etc.
b/ For common services, e.g., electronic data, information, legal.

65. The decrease is attributable to reduced computer software costs ($500,000), resulting from project phase-in; lower rent costs, resulting from a reallocation to other functional groups based on a revised method of distribution of occupancy costs ($400,000); and a net reduction of staff costs ($200,000), resulting from the proposed redeployment of three international Professional posts to the regional support centres offset by statutory salary increases and lower costs for short-term assistance, staff training and communications ($100,000). These decreases are offset by an increase in equipment costs ($100,000 to replace a printing press), higher depreciation costs for the new computer hardware ($100,000) and marginally higher costs for computer maintenance and staff training ($100,000).

E. Human resources

66. With the establishment of the regional support centres and the consolidation of production and printing facilities at New York and Geneva, there will be an overall reduction of 21 posts in the Operations and Finance Group, i.e., 4 international Professional, 15 General Service and 2 National Officer posts (see table 10).

67. The posts of Brazil production centre manager and Singapore production centre manager will be transferred to the regional support centres, along with three international Professional posts from headquarters, including two assistant accountants and one assistant procurement officer.

68. The GCO expanded product line, additional distribution channels and the planned sale of inventory products through UNICEF field offices warrant increased emphasis on planning, coordination and professional inventory management. For this purpose, the Planning and Coordination Unit in the Office of the Deputy Director, Operations and Finance Group, is being strengthened. It will be headed by a senior planning and coordination Officer at the P-4 level (upgraded from the existing P-3) and supported by the P-3 planning and coordination officer at Geneva. With the professionalizing of GCO field operations and the upgrading of management information systems, the task of maintaining up-to-date policies and procedures in all areas of GCO activities is paramount. Therefore, it is proposed to establish a post at the P-2 level, reporting to the senior planning and coordination officer at New York, to coordinate and maintain policy and procedure manuals for all functional groups, which will be shared with all users on a timely basis. A new post of secretary is being proposed for the Planning and Coordination Unit to provide additional support.

69. With the consolidation of production facilities from Brazil and Singapore into the New York production centre and reflecting the increased responsibility of producing and distributing products to an additional 24 countries, it is proposed to upgrade the post of plant and distribution manager from P-3 to P-4 and the post of shipping and logistics officer from L-2 to L-3.

Table 10. Operations and Finance Group: core and project posts, 1993 budget and 1994 proposed budget

Category and level	1993 Budget	1994 Proposed	Variance 1994 vs. 1993
I. International Professional posts			
D-2/L-7	0	0	0
D-1/L-6	1	1	0
P-5/L-5	5	4	(1)
P-4/L-4	8	9	1
P-3/L-3	19	16	(3)
P-2/L-2	8	7	(1)
P-1/L-1	0	0	0
Total international Professional posts	41	37	(4)
II. Local posts			
General Service	69	54	(15)
National Officer	2	0	(2)
Total local posts	71	54	(17)
Total posts	112	91	(21)

70. Because of the GCO expanded product line, it is recommended to upgrade the post of a procurement assistant and to establish an international Professional post at the L-2 level (assistant procurement officer) at Geneva. To support the expanded procurement from South-east Asia and to assure quality control of products prior to shipment, a post of assistant procurement officer will be abolished in New York and established in the regional support centre at Singapore.

71. The conversion of the Singapore and Brazil production centres into regional support centres for Asia and Latin America and the Caribbean, respectively, and the consolidation of GCO production and distribution facilities at New York and Geneva will result in the abolition of 1 international Professional post at the L-3 level responsible for production and quality control, 1 National Officer post responsible for production and quality control, 1 National Officer post responsible for accounting and operations and 16 General Service posts involved in the logistical functions at the 2 production and distribution centres.

VI. UNICEF FIELD OFFICES

A. Introduction

Field offices study

72. During the 1993 session of the Executive Board, in response to concerns expressed by several delegations regarding the high number of GCO-funded staff in UNICEF field offices and rising staff costs, the Director, GCO, stated that a review of GCO activities in UNICEF field offices was being undertaken with the aim of better focusing human and financial resources to generate more income for UNICEF and that recommendations from the field offices study would be proposed at the regular session of the 1994 Executive Board (E/ICEF/1993/14, annex II, para. 79). GCO has conducted the study and has reviewed the structure and functions of some 100 posts in the field (23 posts in 2 production centres that had been budgeted under the Operations and Finance Group and 77 posts in a number of UNICEF field offices).

73. With only 10 per cent of GCO net proceeds from card and other product sales being generated by UNICEF field offices, it was considered inappropriate and unnecessary to maintain roughly 35 per cent of GCO-funded posts in the field. At the same time, however, it was recognized that there are some developing countries that provide opportunities for raising funds for children through card and other product sales and private sector fund-raising activities. It was agreed that GCO investment in human and financial resources should be better focused. Given the problems of stagnating sales volumes over the last few years and inventory build-up in industrialized countries, GCO management decided to strengthen its support to National Committees for UNICEF, which account for over 90 per cent of income. This important consideration influenced the final recommendations of the field offices study.

74. GCO resolved to do an ongoing study of its inventory of cards and other products. Attention will focus on an early identification system of

best-selling items and consequent policies to immediately recycle all slow moving items and to produce/procure additional stock of highly popular merchandise. Moreover, the system of second cycle, which has already proven to be financially advantageous to both GCO and its partners, will be expanded globally. By selling inventory products, without in any way compromising the quality of designs and of product specifications, UNICEF field offices would not be charged for the cost of the products. Hence, they would be able to sell at more competitive prices in local markets without negatively affecting their profitability. To provide the incentive for UNICEF field offices to sell UNICEF cards and other products and to raise funds from the private sector, GCO is preparing procedures under existing Executive Board policies to channel the net income generated to programmes within the country where the funds are being raised.

75. As a result of the study, GCO will focus its financial and human resources in a significantly increased professional way on those developing countries that have been identified as having the greatest potential for maximizing income. On the basis of criteria relating to sales volume, gross proceeds and the acknowledged potential of private sector fund-raising, the following 10 countries were selected for the 1994 work plan and budget for direct GCO investment in human and financial resources: Argentina, Brazil, Colombia, India, Indonesia, Mexico, Morocco, Nigeria, Pakistan and Peru. The UNICEF field offices in those countries will be provided with GCO-funded staff to support their efforts to increase funds raised through the sale of cards and other products and through private sector fund-raising. Both Brazil and India will have a stronger complement of staff since they sell significantly more cards and other products and consequently generate much higher income. The following additional countries were identified as not yet meeting the set criteria, but as having considerable potential for generating income: Ecuador, Malaysia, Philippines, Saudi Arabia, South Africa and Thailand. These countries would be included in the above list in the future once they achieve the established criteria.

76. The study recommends that the number of GCO-funded posts in UNICEF field offices be reduced from 77 to 65 and that 4 additional headquarters posts be redeployed for a total savings of 12 posts. GCO activities will need to be carried out by non-GCO-funded staff in all other UNICEF field offices until such time that these offices meet the criteria justifying direct investment by GCO. GCO, however, will continue to support all the UNICEF field offices in their card and product sales and private sector fund-raising activities out of the regional support centres in Asia and Latin America and, for the Middle East and Africa, from the GCO office in Geneva.

B. Analysis of 1994 budgeted expenditures

77. In response to the Executive Board recommendation, GCO conducted and completed a UNICEF field offices study and a production facilities study. A summary of the studies has been presented above, with detailed recommendations included in the present document. The projected UNICEF field offices' costs for the 1994 proposed budget, therefore, incorporate the recommendations for the establishment of two regional support centres, the professionalizing of the

structures in the 10 priority countries and relevant investments to support opportunities for market development, card and other product sales and private sector fund-raising initiatives.

78. As outlined in the study, the establishment of the regional support centres will result in a more appropriate allocation of GCO human and financial resources to generate more income for UNICEF-supported programmes for children, as well as to provide technical support and functional guidance to field office staff, while achieving an overall reduction of 12 posts in UNICEF field offices (see table 12). This structure will allow GCO to focus its resources on major markets with proven potential in developing countries.

79. Total 1994 expenses for the revised GCO structure in UNICEF field offices, including the two regional support centres, are projected to be $7.1 million (see table 11). This comprises direct expenses ($4.3 million), including commissions at UNICEF field offices, and the costs of the two regional support centres ($2.8 million).

80. Direct expenses at UNICEF field offices ($4.3 million) include one-time termination indemnity costs provided for posts that are proposed to be abolished ($400,000). Excluding the one-time costs, expenses in UNICEF field offices for 1994 would be $500,000 lower than the 1993 budget and $600,000 lower than the 1992 actual.

81. The costs of the two regional support centres ($2.8 million) include one-time removal and installation costs for the seven international Professional posts being redeployed from New York and Geneva ($300,000); the salary and benefit costs of the redeployed posts for which corresponding reductions are reflected in the other functional groups ($700,000); a provision to support investment in their respective regions to increase card and other product sales ($700,000); and, similarly, a provision for investments in the respective regions to support private sector fund-raising initiatives ($600,000). The remaining $500,000 is for operating costs, including the costs of support staff ($200,000), rent, furniture and fixtures ($200,000) and travel, conference and liaison ($100,000). The planned investment of $700,000 for product sales and $600,000 for private sector fund-raising will be used by the regional support centres to support the generation of incremental income for UNICEF from GCO activities in countries in their respective regions.

Table 11. UNICEF field offices: actual expenditures for 1992, 1993 budget and 1994 proposed budget

(In thousands of United States dollars)

Expenditures	1992 Actual	1993 a/ Budget	1994 Proposed budget	Changes 1994 versus 1993	
				$	%
Semi-fixed costs					
Professional project staff	344	447	2,260	1,813	405.6
General Service project staff	1,292	1,138	724	(414)	(36.4)
Short-term assistance	6	0	220	220	0.0
Travel, conference and liaison	173	174	210	36	20.7
Communications	115	94	129	35	37.2
Office supplies and services	332	268	163	(105)	(39.2)
Private sector fund-raising development	0	0	612	612	0.0
Equipment and maintenance services	96	64	94	30	46.9
Sales development costs	0	0	690	690	0.0
Commissions	1,426	1,375	1,439	64	4.7
Others	35	40	54	14	35.0
Total semi-fixed costs	3,819	3,600	6,595	2,995	83.2
Fixed costs					
Core posts	330	451	186	(265)	(58.8)
Other benefits	111	145	44	(101)	(69.7)
Rent	203	211	324	113	53.6
Total fixed costs	644	807	554	(253)	(31.4)
Total expenses	4,463	4,407	7,149	2,742	62.2
Less: allocation					
Product Line and Marketing	3,093	3,222	4,910	1,689	52.4
Private Sector Fund-raising	1,370	1,185	2,239	1,053	88.8
Total expenses after allocation	0	0	0	0	0.0

a/ The expenditure line items for 1993 have been restated.

Table 12. UNICEF field offices: core and project posts, 1993 budget and 1994 proposed budget

Category and level	1993 Budget	1994 Proposed	Variance 1994 vs. 1993
I. International Professional posts			
D-2/L-7	0	0	0
D-1/L-6	0	0	0
P-5/L-5	1	3	2
P-4/L-4	1	6	5
P-3/L-3	0	1	1
P-2/L-2	0	0	0
P-1/L-1	0	0	0
Total international Professional posts	2	10	8
II. Local posts			
General Service	58	30	(28)
National Officer	17	25	8
Total local posts	75	55	(20)
Total posts	77	65	(12)

C. Human resources

82. The GCO revised structure in UNICEF field offices and the establishment of the two regional support centres reflects the implementation of key objectives of the field offices study recommendations, i.e., to professionalize staffing and to provide a focused approach to the larger markets. Overall, this has resulted in a net reduction of 12 posts. There will be 8 additional international Professional posts, 8 additional National Officer posts and a reduction of 28 General Service posts (see table 12).

83. Under the revised structure, GCO-funded staff will be in only 10 UNICEF field offices. In terms of the structure, eight of these offices, namely, the offices in Argentina, Colombia, Indonesia, Mexico, Morocco, Nigeria, Pakistan and Peru, will each have a National Officer responsible for product line and marketing and a National Officer responsible for private sector fund-raising. Both National Officers will be supported by one General Service post.

84. The other two offices, with combined sales volume exceeding 9 million cards, will be in Brazil and India. The much higher level of staffing that is proposed for these offices reflects the specific needs of each market. For Brazil, the office will be headed by a National Professional Officer and the staffing will include two national Professional posts responsible for product line and marketing, one national Professional post responsible for private sector fund-raising and one national Professional post responsible for operations, finance and administration. In addition, there will be six General Service support staff. For India, the office will be headed by an international Professional at the L-5 level and the staffing will include one national Professional post for product line and marketing and one national Professional post for operations, finance and administration. The India office also will have five General Service posts.

85. The regional support centres, which will provide technical support and functional guidance to UNICEF field office staff dealing with GCO-related matters in their respective regions, will each be headed by a regional manager at the P-5 level. In addition, the regional support centres will have three international Professional posts at the L-4 level, one each for product line and marketing, private sector fund-raising, and operations and finance, and one National Officer post responsible for management information systems. To support the increased source of supply of non-card products from East Asia, including finding new suppliers and conducting quality assurance before the goods are shipped to headquarters locations, an international Professional post of regional quality control/procurement officer at the L-3 level will be established in the regional support centre for Asia. In addition, the regional support centre at Rio de Janeiro will have seven General Service posts, while the Singapore regional support centre will have four General Service posts.

VII. MEDIUM-TERM PLAN, 1994-1998

86. The GCO medium-term plan (see table 13) is part of the medium-term plan of the UNICEF External Relations Group. The divisions in this group, comprising the Division of Information, the Division of Public Affairs, the Programme Funding Office and GCO, are mutually supportive and united by a common purpose.

87. The GCO medium-term plan is based on the GCO mandate in its two income-generating areas, i.e., product line and marketing and private sector fund-raising.

88. The overall purpose of GCO activities is to help to raise funds for UNICEF from the private sector; to increase awareness of UNICEF and its programmes of cooperation; and to encourage the active participation of individuals, organizations and corporations through volunteerism, product purchases and donations.

89. Table 13 presents the medium-term plan for GCO for the period 1994-1998. The plan is based on market trends, previous years' financial results and strategic plans developed and implemented in cooperation with National Committees for UNICEF and UNICEF field offices within the broader context of GCO corporate goals and UNICEF private sector income objectives.

90. The financial goals of the GCO medium-term plan are as follows:

(a) To reach a sales volume of 200 million cards by 1998;

(b) To achieve gross proceeds from the sales of cards and other products of $225 million by 1998;

(c) To increase income from licensed products and other sources to $14 million by 1998;

(d) To achieve a net operating income consolidated for GCO of $198.8 million by 1998.

Table 13. GCO medium-term plan, 1994-1998

	1992 Actual	1993 Budget	1994 Budget	Medium-term plan projections 1995	1996	1997	1998
Card sales volume (millions)	150	162	165	170	178	189	200
	(In millions of U.S. dollars)						
Gross proceeds - GCO products	151.0	154.0	161.0	173.0	187.0	205.0	225.0
Less: Commissions and direct expenses at field offices	38.3	38.1	40.7	43.8	47.1	51.5	56.3
Net proceeds	112.7	115.9	120.3	129.2	139.9	153.5	168.7
Less: Cost of goods delivered	29.5	29.9	31.4	33.6	35.9	39.0	42.8
Operating costs	17.7	23.5	25.1	23.5	24.7	26.7	29.3
Market Development Programme	-	-	5.0	5.0	5.0	5.0	5.0
Add: Other income - net	6.5	7.8	8.6	10.0	11.0	12.5	14.0
Net operating income - GCO products	72.0	70.3	67.4	77.1	85.3	95.3	105.6
Net operating income - private sector fund-raising (net)	44.2 a/	37.1	51.7	53.2	64.5	77.9	94.2
Less: Fund-raising Development Programme	(3.6)	(5.8)	(5.0)				
Others:							
Central and Eastern European National Committees Development Programme	(1.2)	(1.0)	(1.3)	(1.0)	(1.0)	(1.0)	(1.0)
Net operating income - consolidated	111.4	100.6	112.8	129.3	148.8	172.2	198.8
Less: Exchange rate adjustment	4.3	-	-				
Transfer to special events operating account							
Prior years' adjustment	(0.1)	-	-				
Net income - consolidated	107.2	100.6	112.8				

a/ Additional income of $23.1 million was allocated for supplementary funds and will be shown in the UNICEF financial report.

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VIII. DRAFT RESOLUTIONS

91. The draft resolutions of the Committee on Administration and Finance relating to the GCO budget for the 1994/95 fiscal year are presented below.

A. Greeting Card and related operations budgeted expenditures for the 1994 season

The Committee on Administration and Finance

Recommends that the Executive Board:

(a) Approve for the fiscal year 1 May 1994 to 30 April 1995 budgeted expenditures of $77.6 million as detailed below and summarized in column II of annex VI to document E/ICEF/1994/AB/L.6:

	(In millions of United States dollars)
Director's Office	1.0
Product line and marketing	39.9
Market Development Programme	5.0
Private sector fund-raising	5.3
Fund-raising Development Programme	5.0
Operations and finance	12.8
UNICEF field offices	7.1
Subtotal a/	76.1
Central and Eastern European National Committees Development Programme	1.3
Total expenditures, consolidated b/	77.4

a/ For details, see tables 3, 5, 7, 9 and 11.

b/ For details, see table 1.

(b) Authorize the Executive Director:

(i) To incur expenditures as summarized in column II of annex VI to document E/ICEF/1994/AB/L.6 and to increase the expenditures up to the level indicated in column III of annex VI to the same document, should the apparent net proceeds increase before and during the season necessitate, and, accordingly, to reduce expenditures below the level

indicated in column II to the extent necessary, should the net proceeds decrease;

(ii) To transfer funds when necessary between the various budgets as detailed under (a) above;

(iii) To spend an additional amount between Executive Board sessions, when necessary, owing to currency fluctuations, to ensure the continued operation of the Greeting Card and related operations.

B. Budgeted income for the 1994 season

The Committee on Administration and Finance

Recommends that the Executive Board note that for the fiscal year 1 May 1994 to 30 April 1995, Greeting Card and related operations net proceeds are budgeted at $190.2 million as shown in column II of annex VI to document E/ICEF/1994/AB/L.6.

C. Policy issues

The Committee on Administration and Finance

Recommends that the Executive Board:

(a) Approve the changes in posts with a net reduction of 38 posts as indicated in table 2 in document E/ICEF/1994/AB/L.6;

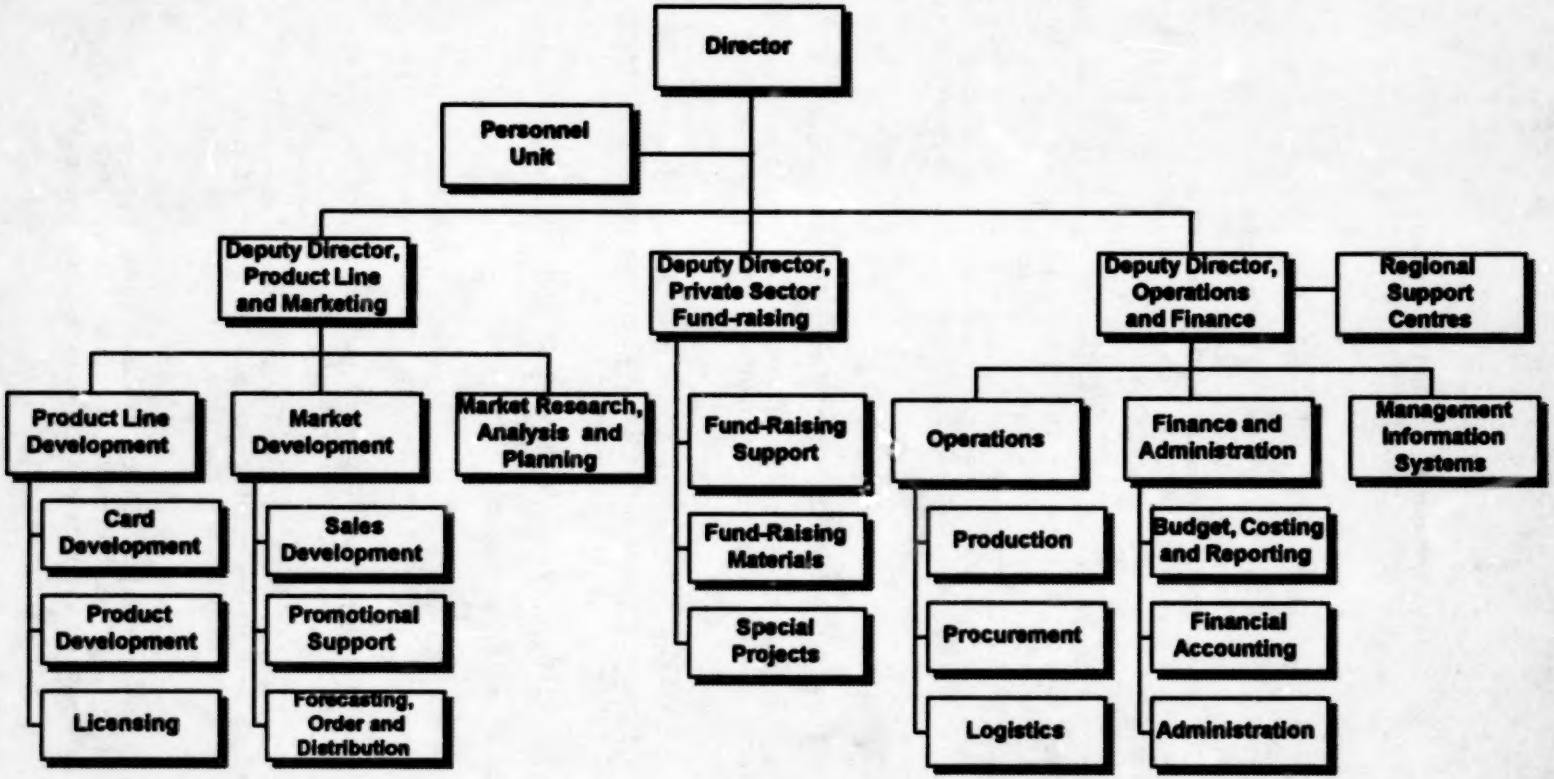
(b) Renew the Fund-raising Development Programme for an additional five-year period with $5 million established for 1994;

(c) Establish the Market Development Programme for a five-year period with $5 million established for 1994;

(d) Establish a Greeting Card and related operations biennial budget and change the year-end closure dates to conform with the other divisions of the Fund, with the first biennium in 1996-1997;

(e) Authorize the implementation of the decreasing scale of retention for Central and Eastern European National Committees for UNICEF as recommended in paragraph 22 of document E/ICEF/1994/AB/L.6.

Annex I.
GREETING CARD AND RELATED OPERATIONS ORGANIZATION CHART (PROPOSED)



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Annex II

GREETING CARD AND RELATED OPERATIONS PROPOSED ORGANIZATIONAL STRUCTURE

A. Overview

1. GCO was established by the Executive Board in 1951 as an integral part of UNICEF. Its mission is to raise funds for UNICEF from the private sector in cooperation with National Committees for UNICEF, UNICEF field offices and other partners; to make people aware of UNICEF, its aims and activities; and to give them the opportunity to take part in UNICEF work.

2. The GCO mandate encompasses two income-generating areas, greeting card and other product sales and private sector fund-raising, which aim to maximize income for UNICEF from the public at large. Additionally, GCO has responsibility for the UNICEF graphic identity and corporate partnership guidelines, which are designed to present a consistent and unified image of UNICEF to the world, as well as for coordinating UNICEF exhibitions and promotions.

B. Roles and responsibilities

3. GCO provides the following support to National Committees for UNICEF, UNICEF field offices and other partners in their efforts to generate funds for UNICEF from the private sector:

(a) Designs, develops and manufactures greeting card and other products for sale by sales partners world wide, identifies product licensing opportunities and establishes UNICEF sales policies and procedures;

(b) Develops a wide range of marketing communications materials, including catalogues, direct mail, advertising, promotional items and point-of-sale materials for use by sales partners;

(c) Develops marketing objectives, strategies and action plans as part of the annual work plan and budget developed in cooperation with sales partners;

(d) Provides additional sales support and training through its regional sales managers, as well as market research assistance;

(e) Assists National Committees and UNICEF field offices in the development, testing and implementation of a wide range of private sector fund-raising programmes and explores new opportunities for raising funds from the private sector;

(f) Coordinates international and transnational fund-raising events and provides technical support to National Committees and UNICEF field offices in the development of special fund-raising events at the national level;

(g) Develops a variety of fund-raising, advocacy, promotional and exhibit materials for use by National Committees, UNICEF field offices and other partners;

(h) Provides training, guidance and technical support in the areas of all card and other product sales, private sector fund-raising, special fund-raising events and operations and finance;

(i) Serves as focal point for the UNICEF graphic identity and corporate partnership guidelines;

(j) Coordinates with other UNICEF divisions, e.g., Division of Information, Programme Funding Office, Division of Public Affairs, Division of Financial Management and Programme Division, in the development and implementation of annual external relations and fund-raising work plans.

C. Organizational structure

4. GCO comprises the Director's Office and three functional groups, Product Line and Marketing, Private Sector Fund-raising and Operations and Finance, each of which is headed by a Deputy Director. The Director, GCO, who is responsible for GCO world wide, reports directly to the Deputy Executive Director, External Relations. The Director's Office is also supported by the GCO Personnel Unit.

5. While GCO is headquartered in New York, a significant number of its staff are based in Geneva, allowing GCO to be close to the National Committees in Europe that currently generate a substantial portion of UNICEF income from the private sector. In line with the GCO global structure, GCO Geneva is comprised of international Professional and General Service staff in all three GCO functional groups: Product Line and Marketing; Private Sector Fund-raising; and Operations and Finance. The Deputy Director, Product Line and Marketing, is based in Geneva and has global responsibility for the entire area. The staff, which also includes several section chiefs, provides marketing, fund-raising, operational and financial management support to National Committees, UNICEF field offices and other partners world wide.

6. In addition to its New York and Geneva locations, GCO operates two production and distribution centres in Secaucus, New Jersey, United States of America, and Huningue, France, as well as two regional support centres in Singapore and Rio de Janeiro, Brazil. These regional support centres are staffed with management, marketing, fund-raising, financial and management information systems personnel who provide support to UNICEF field offices in Asia and Latin America in card and other product sales and private sector fund-raising activities. Finally, GCO provides direct human and financial resources to select UNICEF field offices that meet the established criteria to assist them in their card and other product sales and private sector fund-raising activities.

D. Product Line and Marketing Group

7. The Product Line and Marketing Group is headed by a Deputy Director and is composed of three sections: Product Development; Market Development; and Market Research. This group serves as secretariat for the annual greeting card workshop for National Committees, as well as administering the Market Development Programme, an investment fund designed to assist National Committees test and evaluate new initiatives to substantially increase sales.

8. The Product Development Section is responsible for the design, development, and manufacture of the UNICEF card and product line world wide, as well as for identifying product licensing opportunities. The section is comprised of three units: Card Development; Product Development; and Licensing.

9. The Market Development Section is responsible for providing sales, marketing and service support to National Committees, UNICEF field offices and other sales partners in their card and product sales. The section is composed of three units: Sales Development; Promotional Support; and Forecasting, Order and Distribution.

10. The Market Research, Analysis and Planning Section performs market research, analysis and planning in support of product and market development efforts and private sector fund-raising activities in cooperation with National Committees, UNICEF field offices and other sales partners.

E. Private Sector Fund-raising Group

11. The Private Sector Fund-raising Group is headed by a Deputy Director and is composed of three sections or units: Fund-raising Support; Fund-raising Materials; and Special Projects.

12. The Fund-raising Support Section provides support, advice and, when desirable and solicited, guidance to National Committees and UNICEF field offices in the development of their fund-raising plans, programmes and activities. These include direct mail campaigns; mass appeals through print and electronic media; major gifts such as legacies and bequests; corporate partnerships such as joint promotions, cause-related marketing campaigns, payroll deduction programmes and the "Change for Good" collection programme; special fund-raising events such as radiothons, telethons and sports events; and other fund-raising activities such as lotteries and National UNICEF Day promotions.

13. In addition, the Fund-raising Support Section serves as secretariat for the annual workshop on private sector fund-raising and for the biannual meetings of the Working Group on Private Sector Fund-raising. It administers the Fund-raising Development Programme, an investment fund designed to assist National Committees and UNICEF field offices to increase their private sector fund-raising potential.

14. The Fund-raising Materials Unit develops special packages of material on UNICEF-supported programmes, themes and emergency activities for use by National

Committees and UNICEF field offices in their fund-raising efforts. This unit also develops a variety of other fund-raising materials, such as the "Review of the Year" and the pocket diary. Additionally, the unit coordinates fund-raising training for National Committees and UNICEF field offices.

15. The Special Projects Section oversees the development of promotional, advocacy, exhibition and multi-media materials for UNICEF for use by headquarters, National Committees and UNICEF field offices and ensures the uniform application of the UNICEF logo and identification standards on all UNICEF materials. This section also directs the work of the GCO Design Studio, the UNICEF House Visitors Centre and the UNICEF House gift shop.

F. Operations and Finance Group

16. The Operations and Finance Group is headed by a Deputy Director and is composed of three sections: Operations; Finance and Administration; and Management Information Systems, as well as a Planning and Coordination Unit.

17. The Operations Section is responsible for overseeing the purchase and/or production of all UNICEF products, services, equipment and materials, as well as for quality control, warehousing and shipping. It is composed of three units: Production; Logistics; and Procurement.

18. The Finance and Administration Section is responsible for the budget, accounting and administrative functions of GCO; for producing the GCO financial reports; and for providing financial management support to National Committees, UNICEF field offices and other sales partners. The section is comprised of two units: Budget, Reporting and Administration; and Financial Accounting.

19. The Management Information Systems Section is responsible for developing, implementing and maintaining global systems and procedures to enhance organizational efficiency and productivity, for supporting office automation and information processing functions in GCO, and for assessing and helping to improve the technical capabilities of National Committees and UNICEF field offices.

G. Special management committees

20. The GCO Management Committee is composed of the Director, GCO, and the three Deputy Directors, GCO (Product Line and Marketing, Private Sector Fund-raising, Operations and Finance). This senior management committee is responsible for the following: establishing corporate goals, strategies and policies; monitoring implementation of the work plan; reviewing budgets and financial results; coordinating activities of the three functional groups; and addressing human resource matters and other organizational management issues. Its members maintain close relations with National Committees and UNICEF field offices and consult with them, especially during the work-planning process.

21. The GCO Budget Committee is chaired by the Deputy Director, GCO (Operations and Finance) and comprises representatives from each of the functional groups.

It advises and makes recommendations to the Director, GCO, with regard to the allocation and reallocation of both human and financial resources and monitoring of their effective utilization; budget guidelines, scheduling and policies; the consolidated budget based on submissions received from each functional group; and organizational structures, including all categories of staff.

22. The UNICEF International Art Committee recommends annually artwork for use in UNICEF card and product designs. This Committee consists of the Director, GCO, who serves as Chairperson, and numerous professionals and National Committee representatives from all over the world with art, design, marketing and regional expertise, as well as a knowledge of UNICEF, its values and its work.

Annex III
GREETING CARD SALES BY REGION, 1992–1994

(In thousands of cards)

Country/region	1992 Actual	1993 Budget	1993 Estimate	1994 Forecast Low	1994 Forecast Medium	1994 Forecast High
Canada	5,448	6,200	5,500		5,500	
United States of America	9,066	11,000	11,000		12,000	
Total North America – Region I	14,514	17,200	16,500	16,000	17,500	18,000
Argentina	635	800	800		850	
Brazil	4,242	5,200	4,700		5,200	
Chile	184	330	250		200	
Colombia	1,260	1,400	1,400		1,450	
Ecuador	400	460	450		450	
Mexico	538	865	600		700	
Peru	490	550	530		550	
Uruguay	417	440	442		450	
Venezuela	160	215	215		225	
Other countries	1,004	990	1,009		1,000	
Total Latin America and Caribbean – Region II	9,330	11,250	10,396	10,700	11,075	11,700
Bangladesh	134	170	190		200	
Hong Kong	753	680	820		850	
Indonesia	713	630	750		800	
Japan	6,204	6,500	6,500		7,000	
Republic of Korea	543	470	650		700	
Malaysia	280	300	315		330	
Philippines	435	420	465		480	
Singapore	230	240	260		280	
Sri Lanka	117	130	135		150	
Thailand	306	280	330		360	
Other countries	274	270	367		400	
Total Asia – Region III	9,989	10,090	10,782	9,500	11,550	12,500
Australia	1,951	2,200	2,000		2,000	
India	4,681	5,750	6,000		6,500	
New Zealand	335	450	360		370	
Pakistan	556	560	630		650	
Other countries	39	0	0		0	
Total Pacific, India & Pakistan – Region IV	7,562	8,960	8,990	8,000	9,520	11,500
Austria	1,625	2,100	1,900		1,950	
Belgium	2,473	2,500	2,509		2,500	
Denmark	2,001	2,100	2,050		2,100	
Finland	1,994	2,300	2,210		2,250	
France	16,633	15,500	17,100		17,400	
Germany	17,914	18,000	18,467		18,600	
Greece	3,977	3,800	4,300		4,400	
Italy	10,319	10,200	10,700		10,900	
Ireland	456	625	540		550	
Netherlands	7,160	8,000	7,315		7,450	
Norway	1,938	2,100	2,074		2,100	
Portugal	2,588	2,800	2,642		2,700	
Spain	15,752	17,100	16,000		16,300	
Sweden	2,347	3,600	2,427		2,450	
Switzerland	4,271	4,800	4,400		4,450	
Turkey	4,230	4,400	4,400		4,450	
United Kingdom	2,338	3,250	2,731		2,750	
Central and Eastern European countries	4,812	5,300	6,000		6,200	
Other countries	1,063	1,050	1,000		1,000	
Total Europe – Region V	103,891	109,525	108,765	109,000	110,500	113,800
Africa, Middle East and N. Africa – Region VI	4,853	5,200	4,853	5,000	5,000	6,000
Total all regions	150,139	162,225	160,286	158,200	165,145	173,500

Annex IV
CENTRAL AND EASTERN EUROPEAN NATIONAL COMMITTEES DEVELOPMENT PROGRAMME:
1993 BUDGET AND 1994 PROPOSED BUDGET

(In thousands of United States dollars)

	1993 Budget	1994 Proposed budget		
		Low projection	Medium projection	High projection
Gross proceeds				
Sales in Central and Eastern European countries	1,350.0	1,200.0	1,800.0	2,000.0
Less:				
Retention/commission (25 per cent)	337.5	300.0	450.0	500.0
Net proceeds a/	1,012.5	900.0	1,350.0	1,500.0
Add:				
Cost of advisory services	0.0	0.0	0.0	0.0
Sales promotion materials	0.0	0.0	0.0	0.0
Combined cost of services and materials	0.0	0.0	0.0	0.0
Total cost of the National Committees Development Programme for Central and Eastern European countries	1,012.5	900.0	1,350.0	1,500.0

a/ Total level eligible for allotment to National Committees development objectives in Central and Eastern Europe.

Annex V
SUMMARY OF NET OPERATING INCOME BY FUNCTIONAL GROUP SHOWING EFFECT OF ALLOCATION
(1 MAY 1994 – 30 APRIL 1995)

(In millions of United States dollars)

	Product Line and Marketing Group	Private Sector Fund-raising Group	Total
Net operating income before allocation	93.3	51.7	145.0
Less: allocation of expenditures a/			
Director's Office (table 3)	0.7	0.3	1.0
Operations and Finance Group (table 9)	8.8	4.0	12.8
UNICEF field offices (table 11)	4.9	2.2	7.1
Total expenditures allocated	14.4	6.5	20.9
Net operating income after allocation	78.9	45.2	124.1
Less: Market Development Programme (table 5)	5.0		5.0
Fund-raising Development Programme (table 7)		5.0	5.0
Central and Eastern European National Committees Development Programme (annex IV)			1.3
Net operating income – consolidated (table 1)	73.9	40.2	112.8

a/ Allocation of rent and communications costs based on head count; other expenditures based on net proceeds.

Annex VI
RANGE OF BUDGETED INCOME AND EXPENDITURES FOR THE FISCAL YEAR 1 MAY 1994 – 30 APRIL 1995

(In millions of United States dollars)

	I Low projection	II Medium projection	III High projection
Budgeted income			
Gross proceeds – GCO products (table 1)	156.0	161.0	164.0
Deduct: Commissions	34.5	36.4	37.5
Net proceeds	121.5	124.6	126.5
Add: Other income – net (table 1)	8.0	8.6	10.0
Net proceeds – GCO products (table 1)	129.5	133.2	136.5
– Private sector fund–raising (table 7)	55.0	57.0	59.0
Total net proceeds	184.5	190.2	195.5
Budgeted expenditures			
Director's Office (table 3)	0.9	1.0	1.0
Product Line and Marketing Group (table 5)	39.6	39.9	40.7
Market Development Programme (table 5)	5.0	5.0	5.0
Private Sector Fund–raising Group (table 7)	5.3	5.3	5.8
Fund–raising Development Programme (table 7)	5.0	5.0	7.0
Operations and Finance Group (table 9)	12.8	12.8	13.4
Field offices (table 11)	7.1	7.1	7.2
Central and Eastern European National Committees Development Programme (annex IV)	1.0	1.3	1.5
Total expenditures–consolidated (table 1)	76.7	77.4	81.6
Net operating income – consolidated (table 1)	107.8	112.8	113.9

Annex VII
1994 PROJECT POSTS – NEW YORK AND GENEVA

PAT number	Level	Post title	Functional unit	Duty station
93655	L-5	Chief, Fund-raising Support	Fund-raising Support	GE
GC0077	L-5	Chief, Marketing	Deputy Director's Office, Product Line and Marketing	GE
93481	L-5	Chief, Special Projects	Special Projects	NY
93476	L-5	Chief, Product Line Development	Product Line Development	GE
02010	L-5	Chief, Card Products Development	Product Line Development	GE
02009	L-5	Senior card products development officer	Product Line Development	NY
93464	L-5	Chief, Market Development	Market Development	NY
89556	L-4	Fund-raising support officer	Fund-raising Support	GE
93465	L-4	Fund-raising material officer	Fund-raising Materials	NY
93477	L-4	Products development officer	Product Line Development	GE
93478	L-4	Licensing officer	Product Line Development	NY
93470	L-4	Market research officer	Market Research	GE
93472	L-4	Promotional support officer	Market Development	GE
55007	L-4	Production and quality control officer	Operations	GE
02040	L-4	Production and quality control officer	Operations	NY
93819	L-4	Fund-raising support officer	Fund-raising Support	NY
93820	L-4	Special events officer	Private Sector Fund-raising	GE
90278	L-3	Fund-raising support officer	Fund-raising Support	GE
93466	L-3	Fund-raising support officer	Fund-raising Support	GE
89807	L-3	Special events officer	Special Events	NY
90381	L-3	Design officer	Special Projects	NY
84323	L-3	Licensing officer	Product Line Development	NY
93471	L-3	Market research officer	Market Research	NY
83411	L-3	Sales development officer	Market Development	GE
83412	L-3	Sales development officer	Market Development	GE
87510	L-3	Sales development officer	Market Development	GE
93663	L-3	Market development officer	Market Development	GE
90280	L-3	Sales development officer	Market Development	NY
93473	L-3	Promotional support officer	Market Development	NY
02033	L-3	Production/planning officer	Operations	NY
87412	L-3	Production and quality control officer	Operations	NY
55009	L-3	Production control officer	Operations	GE
87403	L-3	Quality control officer	Operations	GE
91543	L-3	Production control officer	Operations	GE
92630	L-3	Production control officer	Operations	GE
02004	L-3	Procurement officer	Operations	NY
02018	L-3	Assistant shipping officer	Operations	NY

PAT number	Level	Post title	Functional unit	Duty station
93474	L-2	Forecasting, order and distribution officer	Market Development	GE
GC0074	L-2	Assistant market development officer	Market Development	NY
91537	L-2	Assistant documentation officer	Fund-raising Materials	NY
89809	L-2	Assistant special events officer	Special Events	NY
92626	L-2	Assistant card products development officer	Product Line Development	NY
02011	L-2	Assistant product development officer	Product Line Development	NY
90281	L-2	Assistant product development officer	Product Line Development	GE
55010	L-2	Assistant production planning officer	Operations	GE
GCO075	L-2	Assistant promotion officer	Market Development	NY
GCO078	L-2	Assistant procurement officer	Operations	GE
93468	L-1	Assistant exhibits officer	Special Projects	NY
84322	G-7	Senior marketing assistant	Market Research	NY
55028	G-7	Shipping/warehouse assistant	Operations	GE
02019	G-7	Senior publicity assistant	Market Development	NY
02277	G-7	Senior publicity assistant	Operations	GE
02035	TC-7	Print shop foreman	Operations	NY
02487	G-6	Senior order and distribution assistant	Market Development	GE
86510	G-6	Fund-raising analysis assistant	Fund-raising Materials	NY
87453	G-6	Fund-raising materials assistant	Fund-raising Materials	GE
91538	G-6	Fund-raising assistant	Fund-raising Support	GE
02042	G-6	Design/graphic assistant	Special Projects	NY
88364	G-6	Design/graphic assistant	Special Projects	NY
88363	G-6	Typesetter	Special Projects	NY
02045	G-6	Card products development assistant	Product Line Development	GE
83410	G-6	Products development assistant	Product Line Development	NY
02280	G-6	Products development assistant	Product Line Development	GE
85508	G-6	Licensing assistant	Product Line Development	NY
55045	G-6	Market research assistant	Market Research	GE
87509	G-6	Sales assistant	Market Development	NY
55044	G-6	Promotion assistant	Market Development	GE
86521	G-6	Promotion assistant	Market Development	GE
91542	G-6	Promotion assistant	Market Development	GE
55011	G-6	Collating assistant	Operations	GE
91544	G-6	Collating assistant	Operations	GE
02006	G-6	Procurement assistant	Operations	NY

PAT number	Level	Post title	Functional unit	Duty station
55019	G-6	Supervisor, Huningue warehouse	Operations	GE
90283	G-6	Fund-raising analysis assistant	Fund-raising Support	NY
GCO086	G-6	UNICEF House gift shop assistant	Special Projects	NY
93469	G-5	Special projects assistant	Special Projects	NY
02013	G-5	Card products development assistant	Product Line Development	NY
86509	G-5	Administrative assistant	Product Line Development	NY
93484	G-5	Promotion assistant	Market Development	NY
02041	G-5	Quality control assistant	Operations	NY
55018	G-5	Procurement/bid edit clerk	Operations	GE
03077	G-5	Procurement/bid edit clerk	Operations	GE
83416	G-5	Senior shipping clerk	Operations	GE
90284	G-5	Senior shipping clerk	Operations	GE
02022	G-5	Senior secretary	Market Development	NY
55017	G-5	Senior secretary	Product Line	GE
55027	G-5	Senior invoice certification clerk	Operations	GE
GCO103	G-4	Secretary	Market Research, Analysis	GE
89569	G-4	Secretary	Market Development	GE
86501	G-4	Secretary	Market Development	GE
87553	G-4	Secretary	Market Development	GE
83418	G-4	Secretary	Fund-raising Support	NY
89570	G-4	Secretary	Fund-raising Support	GE
93467	G-4	Secretary	Fund-raising Support	GE
89811	G-4	Secretary	Fund-raising Support	NY
89812	G-4	Secretary	Fund-raising Materials	NY
93483	G-4	Secretary	Special Projects	NY
90385	G-4	Administrative clerk	Special Projects	NY
90288	G-4	Secretary	Product Line	GE
55038	G-4	Product development clerk	Product Line	GE
90384	G-4	Administrative clerk	Product Line	NY
91541	G-4	Secretary/clerk	Market Research	GE
84319	G-4	Data processing clerk	Market Research	NY
91539	G-4	Clerk	Administration/Finance	GE
02020	G-4	Secretary	Market Development	NY
55008	G-4	Secretary	Operations	GE
02008	G-4	Secretary	Operations	NY
03086	G-4	Administrative clerk	Operations	GE

PAT number	Level	Post title	Functional unit	Duty station
55026	G-4	Administrative clerk	Operations	GE
55022	G-4	Warehouse control	Operations	GE
GC076	G-4	Secretary	Market Development	GE
02275	TC-4	Store/warehousing supervisor	Operations	NY
02044	TC-4	Assistant shipping foreman	Operations	NY
02276	TC-4	Warehouse controller	Operations	NY
02037	TC-4	Packaging supervisor	Operations	NY
55020	G-2	Warehouse clerk	Operations	GE
55023	G-2	Warehouse clerk, reception	Operations	GE
55024	G-2	Warehouse clerk, delivery	Operations	GE
02435	G-1	Warehouseman	Operations	GE
87405	G-1	Warehouseman	Operations	GE
87406	G-1	Warehouseman	Operations	GE

International Professional	48
General Service	73
TOTAL	121

Annex VIII
DETAILS OF INTERNATIONAL PROFESSIONAL POST CHANGES (ESTABLISHED/ABOLISHED)

PAT number	Duty station	Post title	Section	Level	Type of action	Count
GCO077	GE	Chief, Marketing	Deputy Director's Office, Product Line & Marketing	L-5	Establish	+1
89804	NY	Chief, Special Events	Special Events	L-5	Abolish	-1
02017	Rio	Sales officer	UNICEF field offices	P-4	Abolish	-1
GCO063	Rio	Regional market development officer	UNICEF field offices	L-4	Establish	+1
GCO064	Rio	Regional fund-raising officer	UNICEF field offices	L-4	Establish	+1
GCO065	Rio	Regional operations officer	UNICEF field offices	L-4	Establish	+1
GCO053	Sing.	Regional market development officer	UNICEF field offices	L-4	Establish	+1
GCO054	Sing.	Regional fund-raising officer	UNICEF field offices	L-4	Establish	+1
GCO055	Sing.	Regional operations officer	UNICEF field offices	L-4	Establish	+1
89806	NY	Special events officer	Special Events	L-4	Abolish	-1
93819	NY	Fund-raising officer	Fund-raising Support	L-4	Establish	+1
83395	NY	Fund-raising officer	Fund-raising Support	L-4	Abolish	-1
90276	NY	Fund-raising officer	Fund-raising Support	L-4	Abolish	-1
83379	Rio	Quality control officer	Brazil production centre	P-3	Abolish	-1
GCO056	Sing.	Regional quality control officer	UNICEF field offices	L-3	Establish	+1
87512	NY	Manager, UNICEF House Visitor's Centre	Special Projects	L-3	Abolish	-1
91533	NY	Sales development officer	Market Development	L-3	Abolish	-1
91534	NY	Sales development officer	Market Development	L-3	Abolish	-1
93820	GE	Fund-raising officer	Fund-raising Support	L-3	Establish	+1
55048	GE	Assistant finance officer	Finance	P-2	Abolish	-1
GCO079	NY	Assistant policy and procedure coordinator	Deputy Director's Office, Operations and Finance	P-2	Establish	+1
91548	NY	Assistant accountant	Finance	P-2	Abolish	-1
GCO078	GE	Assistant procurement officer	Operations	L-2	Establish	+1
92629	GE	Assistant art and design officer	Product Line Development	L-2	Abolish	-1
GCO074	NY	Assistant market development officer	Market Development	L-2	Establish	+1
GCO075	NY	Assistant promotion officer	Market Development	L-2	Establish	+1
93475	NY	Assistant order and distribution officer	Market Development	L-2	Abolish	-1
91536	NY	Assistant procurement officer	Operations	L-2	Abolish	-1
Total						0

Annex IX

DETAILS OF INTERNATIONAL PROFESSIONAL POST RECLASSIFICATIONS BY GRADE AND OFFICE: 1994-1995 PROPOSED

PAT number	Duty station	Post title	Section	1993 Level	1994 Level
87411	Sing.	Regional support centre manager	UNICEF field offices	P-4	P-5
87413	NY	Planning and coordination officer	Operations	P-3	P-4
02034	NY	Plant manager	Operations	P-3	P-4
02081	NY	Shipping officer	Operations	P-2	P-3
Total					4